

Message Text

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PAGE 01 OTTAWA 04950 171641Z
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O R 152310Z DEC 76
FM AMEMBASSY OTTAWA
TO SECSTATE WASHDC IMMEDIATE 1934
INFO AMCONSUL QUEBEC
AMCONSUL MONTREAL
ALL AMCONSULS CANADA

C O N F I D E N T I A L OTTAWA 4950

E.O. 11652: GDS
TAGS: PINT, PGOV, EFIN, CA
SUBJ: POLITICAL REMIFICATIONS OF FIRST MINISTERS
MEETING

REF: OTTAWA'S 4949

1. SUMMARY: FIRST MIN CONFERENCE WAS NOTEWORTHY
BEYOND THE COMPLEX FISCAL AGREEMENTS HAMMERED OUT
BETWEEN FEDGOV AND PROVINCES. LEVESQUE DEMONSTRATED
PQ TACTIC OF BARGAINING LIKE ANY OTHER PROVINCIAL
PREMIER AFTER OPENING STATEMENT FILLED WITH SEPARATIST
RHETORIC. TRUDEAU, IN ACHIEVING
AGREEMENT AT 11TH HOUR, BLUNTED PQ CHARGES
THAT FEDERAL SYSTEM DOES NOT WORK AND OPPOSITION
CRITICISM THAT LIB GOV IS ENTIRELY OUT OF TOUCH WITH
PROVINCES. PATRIATION ISSUE DEALT WITH HARDLY AT ALL.
END SUMMARY.

2. THERE WERE SEVERAL NOTEWORTHY RESULTS OF FIRST
MINS CONFERENCE DEC 13-14, QUITE APART FROM
COMPLEX FISCAL COMPROMISE HAMMERED OUT BY
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PAGE 02 OTTAWA 04950 171641Z

TRUDEAU AND PREMIERS (REFTEL).

3. QUEBEC PREMIER RENE LEVESQUE'S PERFORMANCE
WAS SIMILAR TO THAT OF PQ MINS AT FINANCE MINS
MEETING A WEEK EARLIER AND INDICATED TACTICS
PQ WILL FOLLOW IN DEALING WITH FEDGOV IN IMMEDIATE

FUTURE. THIS PATTERN CALLS FOR PQ REPS TO OPEN BARGAINING SESSION WITH STRONG PUBLIC STATEMENT EMPHASIZING THAT PQ IS UNMISTAKABLY COMMITTED TO INDEPENDENT QUEBEC AND THAT NEGOTIATIONS WITH FEDGOV CAN PRODUCE ONLY TEMPORARY RESULTS TO BE TERMINATED BY QUEBEC INDEPENDENCE. HAVING MADE POINT, QUEBEC REPS THEN SIT DOWN AND BARGAIN LIKE OTHER PROVINCIAL COLLEAGUES WHILE USING MEDIA SUPERBLY IN CORRIDOR COMMENTARY.

4. SASKATCHEWAN PREMIER BLAKENEY'S REACTION OF "NOT GROSS DISSATISFACTION, BUT UNHAPPINESS" WAS TYPICAL OF PREMIERS' REACTIONS BUT THIS GRUMBLING IS STANDARD FARE AFTER FED/PROV CONFERENCES AND PREMIERS REPORTEDLY GOT ABOUT THREE-QUARTERS OF THE MONEY THEY WERE SEEKING. SIGNIFICANCE OF TURDEAU ACHIEVEMENT IN PREMIERS' APPROVAL OF COMPROMISE IS LARGELY IN WHAT IT STAVED OFF. HAD CONFERENCE ENDED IN GENERAL DISAGREEMENT PQ COULD HAVE MORE EASILY ARGUED THAT THE FEDERAL SYSTEM DOES NOT WORK AND CRITICS OF THE LIB GOV COULD HAVE USED THIS FAILURE AS DEMONSTRATION OF OVERCENTRALIZED FEDGOV. AT LOGGERHEADS WITH THE PROVINCES. TRUDEAU EFFORT, THEREFORE, WAS IN NATURE OF DAMAGE-LIMITATION.

5. DESPITE TRUDEAU CLAIM THAT THE AGREEMENT PACKAGE WAS "AN ENORMOUS STEP IN THE DIRECTION OF GREATER AUTONOMY FOR THE PROVINCES," THE CONFERENCE RESULTS DO NOT REPRESENT, IN EMBASSY VIEW, A SIGNIFICANT SHIFT OF POWER IN PROVINCIAL DIRECTION. FEDERAL PAYMENTS TO HELP FINANCE PROVINCIAL HEALTH AND POST-CONFIDENTIAL

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PAGE 03 OTTAWA 04950 171641Z

SECONDARY EDUCATION PROGRAMS WILL FOR FIRST TIME BE TOTALLY UNTIED GIVING PROVINCES FULL LATITUDE IN USAGE. PREVIOUS FEDERAL CONDITIONS WERE NOT, HOWEVER, VERY RESTRICTIVE IN THESE AREAS SO CHANGE IS NOT GREAT. EXAGGERATED TRUDEAU CLAIM DICTATED MORE BY POLITICAL CONSIDERATIONS, E.G., TO COUNTER APPEAL OF "DECENTRALIZATION" PROPOSALS OF PC LEADER JOE CLARK AND FORMER LIBERAL MIN JOHN TURNER, THAN OBJECTIVE EVALUATION OF CONFERENCE RESULTS.

6. PATRIATION OF BRITISH NORTH AMERICAN ACT (BNA) APPARENTLY RECEIVED ONLY CURSORY ATTENTION AS EXPECTED. TRUDEAU TOLD COMMONS DEC 14 THAT HE HAD INFORMALLY POLLED PREMIERS ON THE QUESTION AND HAD RECEIVED SIGNAL THAT THEY WISHED TO ADDRESS ISSUE AT "A SLOW PACE. THEY URGED NO IMMEDIATE ACTION." NEXT STEP WILL BE TRUDEAU DISCUSSIONS WITH ALBERTA PREMIER LOUGHEED, CHAIRMAN OF THE PREMIERS, AFTER

THE FIRST OF THE YEAR TO DETERMINE HOW TO PROCEED.
ENDERS

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